

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Group Health Insurance Renewal

DEPARTMENT: Administrative Services **DIVISION:** Risk Management

AUTHORIZED BY: Jamie Croteau **CONTACT:** Linda Eiland **EXT.** 5950

Agenda Date 08/12/03 **Regular** ☒ **Consent** ☐ **Work Session** ☐ **Briefing** ☐
Public Hearing – 1:30 ☐ **Public Hearing – 7:00** ☐

MOTION/RECOMMENDATION:

Authorization to renew the County's Group Health Insurance program with United Healthcare for the period of January 01, 2004 through December 31, 2004, with a 16.5% rate increase and authorization for the Chairman to execute the agreement.

BACKGROUND:

On May 30, 2003, the Risk Management Division received the annual health insurance renewal proposal from United Healthcare. United Healthcare requested an 18% increase in health insurance premiums to be effective January 1, 2004. Exhibit A depicts United Healthcare's original renewal request.

Risk Management staff with the assistance of the County Manager, the BCC Chairman, and the county's benefit consultant negotiated with United Healthcare in an effort to reduce the 18% increase. United Healthcare lowered their renewal request to 16.5% and provided several options to reduce the renewal increase further, if the County would accept reduced benefit options.

On August 4, 2003, staff presented renewal options, possible benefit reductions and associated costs to the Risk Management Executive Committee. Exhibit B summarizes the options considered by the committee.

The Risk Management Executive Committee voted 5-0 to approve the original renewal proposal with United Healthcare with a 16.5% rate increase and no benefit changes.

Exhibit C, shows the monthly insurance premiums and the Board of County Commissioners' monthly contribution. Exhibit D shows the

Reviewed by:

Co Atty: _____

DFS: _____

Other: _____

DCM: _____

CM: _____

File No. RASR01

current semi-monthly employee contribution and the new contribution based on the 16.5% increase. The new rates will go into effect on January 1, 2004. The estimated total cost of the healthcare plan for Fiscal Year 2003/2004 is \$16,610,704, \$126,750 lower than originally budgeted with the anticipated 18% increase in rates.

Exhibit A

Experience Accounting Summary

UHC OF FLORIDA - ORLANDO

Group Name: Seminole Co. Gov - COMBINED
 Group Number: *
 Experience Period: 03/01/2002 to 02/28/2003
 Benefit Plan: 50389
 Member Months: 60113
 Subscriber Months: 30710

	Total	SPM/PM	% Of Premium
PREMIUM	<u>\$12,843,880.00</u>	<u>\$213.66</u>	<u>100.00%</u>
SAVINGS TO GROUP			
(See Claims Distribution Report)	<u>\$20,180,889.00</u>	<u>\$335.72</u>	<u>157.12%</u>
ASSESSMENTS AND RESERVES			
Conversion Plan Charges	<u>\$60,113.00</u>	<u>\$1.00</u>	<u>0.47%</u>
TOTAL: ASSESSMENTS AND RESERVES	<u>\$60,113.00</u>	<u>\$1.00</u>	<u>0.47%</u>
INCURRED HEALTH CARE COSTS			
Physician & Ancillary	<u>\$3,590,615.09</u>	<u>\$59.73</u>	<u>27.96%</u>
Pharmacy	<u>\$2,501,575.23</u>	<u>\$41.61</u>	<u>19.48%</u>
Inpatient Hospital	<u>\$2,801,651.27</u>	<u>\$46.61</u>	<u>21.81%</u>
Outpatient Hospital	<u>\$2,241,723.46</u>	<u>\$37.29</u>	<u>17.45%</u>
Other Health Care Services	<u>\$488,718.69</u>	<u>\$8.13</u>	<u>3.81%</u>
TOTAL: INCURRED HEALTH CARE COSTS	<u>\$11,624,283.74</u>	<u>\$193.37</u>	<u>90.50%</u>
HEALTH PLAN ADMINISTRATION			
Administration	<u>\$1,656,860.46</u>	<u>\$27.56</u>	<u>12.90%</u>
TOTAL: HEALTH PLAN ADMINISTRATION	<u>\$1,656,860.46</u>	<u>\$27.56</u>	<u>12.90%</u>
TOTAL: Assessments and Reserves, Incurred Health Care Costs, Large Losses and Administration.....	<u>\$13,341,257.20</u>	<u>\$221.94</u>	<u>103.87%</u>

EXPERIENCE DATA ILLUSTRATION BY CLASS

Class	PREMIUMS		HEALTH CARE COSTS, LARGE LOSSES and ADMIN		ASSESSMENTS and RESERVES		LOSS RATIO
	\$	%	\$	%	\$	%	%
1	\$3,985,759.54	31.03%	\$4,390,801.38	33.06%	\$18,654.48	31.03%	110.63%
2	\$2,196,055.57	17.10%	\$4,065,616.31	30.61%	\$10,278.16	17.10%	185.60%
3	\$2,539,901.14	19.78%	\$1,839,540.86	13.85%	\$11,887.46	19.78%	72.89%
4	\$4,122,163.74	32.09%	\$2,985,185.65	22.48%	\$19,292.90	32.09%	72.89%
	<u>\$12,843,880.00</u>	<u>100.00%</u>	<u>\$13,281,144.20</u>	<u>100.00%</u>	<u>\$60,113.00</u>	<u>100.00%</u>	<u>103.87%</u>

***** PLEASE REFER TO ACCOMPANYING DEFINITION OF TERMS *****

UnitedHealthcare®

A UnitedHealth Group Company

Seminole County Government

	From:	Through:
Renewal rates effective:	1/1/2004	12/31/2004
Lives period:	3/1/2002	2/28/2003
Claims period:	3/1/2002	2/28/2003

Group number:	Numerous
Benefit plan:	148T, \$10/15/25 Rx
Pooling point:	\$200,000
Total member months:	60,113

<u>Experience Rating PMPM</u>		<u>Medical</u>	<u>Rx</u>	<u>Total</u>
A	Incurred claims*	\$153.51	\$41.61	\$195.12
B	Pooled claims over \$200,000	\$4.04	\$0.00	\$4.04
C	Adjusted claims (A - B)	\$149.47	\$41.61	\$191.08
D	Annual trend rate	17.0%	22.0%	18.1%
E	Months of trend	22.0	22.0	22.0
F	Trend factor	1.334	1.440	1.357
G	Trended claims (C * F)	\$199.32	\$59.92	\$259.24
H	Plan Change			1.00
I	Pooling charge for \$200,000			\$6.14
J	Expected claims (G * H + I)			\$265.38
<u>Retention:</u>				
K	Administration			15.5%
L	Commissions			0.0%
M	Premium Tax			0.0%
N	Early renewal risk charge and other adjustment			0.0%
O	Total retention (K + L + M + N)			15.5%
P	Calculated revenue [J / (1 - O)]			\$314.06
<u>Manual Rating PMPM</u>				
Q	Manual rate			\$316.47
R	Age / gender adjustment			1.094
S	Commission adjustment			0.0%
T	Premium tax adjustment			0.0%
U	Early renewal risk charge and other adjustment			0.0%
V	Retention adjustments (S + T + U)			0.0%
W	Calculated revenue [Q * R / (1 - V)]			\$346.08
<u>Renewal Action</u>		<u>Calculated Revenue</u>	<u>Credibility Factor</u>	<u>Rate Action</u>
X	Experience rating:	\$314.06	100.0%	Previous PMPM: \$241.65
Y	Manual rating:	\$346.08	0.0%	
Total calculated revenue PMPM:		\$314.23		New PMPM: \$285.15
Current revenue PMPM:		\$241.65		
Calculated renewal increase:		30.0%		
Renewal action:		18.0%		
Plan change to renewal plan:		1.000		
Final renewal action:		18.0%		

* Incurred claims may include additional claim charges not reflected in experience reports.

Exhibit A
FINANCIAL EXHIBITS - MEDICAL

Medical Plan Design and Rate Proposal for Seminole County Government

Based upon the information provided and our analysis of your organization, UnitedHealthcare - Florida is pleased to offer the following medical funding plan for an effective date no later than January 1, 2004.

OPTION I: 148T

Choice *

Site(s): Choice

Platform: COSMOS

Plan Offering: Single Option

In Network Benefits: \$15/\$25 OV; \$250 adm; \$100 OP surg; \$100 ER; \$25 UC; Current Plan

Out of Network Benefits N/A

Pharmacy Benefits \$10/15/25; 2x for M.O.

	<u>Assumed Enrollment</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
Employee	1395	\$272.36	\$321.38
Employee + Spouse	339	\$592.13	\$698.71
Employee + Child(ren)	408	\$567.74	\$669.93
Employee + Family	428	\$897.11	\$1,058.59
Monthly Premium			\$1,411,605
Annual Premium			\$16,939,258
Required Increase			18.00%

OPTION II 268T

Choice Plus *

Site(s): Choice +

Platform: COSMOS

Plan Offering: Single Option

In Network Benefits: \$15/\$25 OV; \$250 adm; \$100 OP surg; \$100 ER; \$25 UC; Current Plan

Out of Network Benefits \$300 ded; 80%; \$3,000 OOP

Pharmacy Benefits \$10/15/25; 2x for M.O.

	<u>Assumed Enrollment</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
Employee	21	\$404.36	\$477.14
Employee + Spouse	26	\$700.06	\$826.07
Employee + Child(ren)	10	\$649.90	\$766.88
Employee + Family	13	\$1,064.76	\$1,256.42
Monthly Premium			\$55,500
Annual Premium			\$666,001
Required Increase			18.00%

Quote Assumptions:

- Rates are guaranteed for 12 months for the contract period of 1/1/04 through 12/31/04.
- UnitedHealthcare is the only carrier offered.
- UnitedHealthcare reserves the right to adjust the rates if the enrollment at issue varies by +/- 10% from the census.
- Employer contributes a minimum of 100% toward the employee only rates and 50% toward the dependent rates.
- Requires a minimum participation level of 75%.
- Rates do not include commissions.
- Unless otherwise stated, this offer replaces and renders all previous offers null and void.

**High level benefit summary. Please see your plan summary for more detailed benefit description.*

UnitedHealthcare



A UnitedHealth Group Company

Seminole County Government

January 1, 2004 United HealthCare Health Renewal & Alternatives Benefit Comparison

Plan Summary	United HealthCare		United Healthcare	
	Renewal HMO Plan 148T	Renewal POS Plan 268T	\$10/\$20/\$30 Rx, \$20/\$30 OV, \$35 UC, \$500 IP 148T	\$10/\$20/\$30 Rx, \$20/\$30 OV, \$35 UC, \$500 IP 268T
In Network Benefits				
Deductible	None	None	None	None
Coinsurance	N/A	N/A	N/A	N/A
Maximum Out of Pocket	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited
Office Visits				
• Primary	\$15 Copay	\$15 Copay	\$20 Copay	\$20 Copay
• Specialty	\$25 Copay	\$25 Copay	\$30 Copay	\$30 Copay
• Routine Physical	No Charge	No Charge	No Charge	No Charge
Inpatient Hospital	\$250 Copay/Admit	\$250 Copay/Admit	\$500 Copay/Admit	\$500 Copay/Admit
Outpatient Hospital				
• Surgery	\$100 Copay	\$100 Copay	\$100 Copay	\$100 Copay
• Diagnostics	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
• Therapeutic Treatments	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Emergency Room	\$100 Copay	\$100 Copay	\$100 Copay	\$100 Copay
Urgent Care Center	\$25 Copay	\$25 Copay	\$35 Copay	\$35 Copay
X-Ray	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Lab	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Prescription Drugs	\$10/\$15/\$25 (2x m.o.)	\$10/\$15/\$25 (2x m.o.)	\$10/\$20/\$30 (2 x m.o.)	\$10/\$20/\$30 (2 x m.o.)
Out of Network Benefits				
Deductible	N/A	\$300/\$600	N/A	\$300/\$600
Coinsurance	N/A	80%	N/A	80%
Maximum Out of Pocket	N/A	\$3,000/\$6,000 (+ Ded)	N/A	\$3,000/\$6,000 (+ Ded)
Prescription Drugs	N/A	deductible and coinsurance	N/A	deductible and coinsurance
Lifetime Maximum	N/A	\$2,000,000	N/A	\$2,000,000
Total Monthly Premium Renewal	\$1,393,660.87	\$547,946.65	\$1,303,766.35	\$51,260.37
Percentage Change	16.50%	16.50%	8.99%	8.99%
Combined Monthly Premium	\$1,448,455.52	\$547,946.65	\$1,303,766.35	\$51,260.37

Exhibit B

Some benefits are not covered or covered differently out of network.
This is for summary purposes only. Your policy will govern.

8/5/2003

Seminole County Government
January 1, 2004 United HealthCare Health Renewal & Alternatives Benefit Comparison

Plan Summary	United HealthCare		United Healthcare	
	Renewal HMO Plan 148T	Renewal POS Plan 268T	\$10/\$20/\$30 Rx, \$20/\$30 OV, \$35 Urgent Care 148T	\$10/\$20/\$30 Rx, \$20/\$30 OV, \$35 Urgent Care 268T
In Network Benefits				
Deductible	None	None	None	None
Coinsurance	N/A	N/A	N/A	N/A
Maximum Out of Pocket	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited
Office Visits				
• Primary	\$15 Copay	\$15 Copay	\$20 Copay	\$20 Copay
• Specialty	\$25 Copay	\$25 Copay	\$30 Copay	\$30 Copay
• Routine Physical	No Charge	No Charge	No Charge	No Charge
Inpatient Hospital	\$250 Copay/Admit	\$250 Copay/Admit	\$250 Copay/Admit	\$250 Copay/Admit
Outpatient Hospital				
• Surgery	\$100 Copay	\$100 Copay	\$100 Copay	\$100 Copay
• Diagnostics	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
• Therapeutic Treatments	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Emergency Room	\$100 Copay	\$100 Copay	\$100 Copay	\$100 Copay
Urgent Care Center	\$25 Copay	\$25 Copay	\$35 Copay	\$35 Copay
X-Ray	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Lab	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Prescription Drugs	\$10/\$15/\$25 (2x m.o.)	\$10/\$15/\$25 (2x m.o.)	\$10/\$20/\$30 (2x m.o.)	\$10/\$20/\$30 (2x m.o.)
Out of Network Benefits				
Deductible	N/A	\$300/\$600	N/A	\$300/\$600
Coinsurance	N/A	80%	N/A	80%
Maximum Out of Pocket	N/A	\$3,000/\$6,000 (+ Ded)	N/A	\$3,000/\$6,000 (+ Ded)
Prescription Drugs	N/A	deductible and coinsurance	N/A	deductible and coinsurance
Lifetime Maximum	N/A	\$2,000,000	N/A	\$2,000,000
Total Monthly Premium-Renewal	\$1,393,660.87	\$54,794.65	\$1,345,577.46	\$52,904.16
Percentage Change	16.50%	16.50%	12.48%	12.48%
Combined Monthly Premium	\$1,448,455.62		\$1,398,481.62	

Exhibit B

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8/5/2003

Seminole County Government
January 1, 2004 United HealthCare Health Renewal & Alternatives Benefit Comparison

Plan Summary	United HealthCare		United Healthcare	
	Renewal HMO Plan 148T	Renewal POS Plan 268T	\$20/\$30 OV, \$35 Urgent Care 148T	\$20/\$30 OV, \$35 Urgent Care 268T
In Network Benefits				
Deductible	None	None	None	None
Coinsurance	N/A	N/A	N/A	N/A
Maximum Out of Pocket	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited
Office Visits				
• Primary	\$15 Copay	\$15 Copay	\$20 Copay	\$20 Copay
• Specialty	\$25 Copay	\$25 Copay	\$30 Copay	\$30 Copay
• Routine Physical	No Charge	No Charge	No Charge	No Charge
Inpatient Hospital	\$250 Copay/Admit	\$250 Copay/Admit	\$250 Copay/Admit	\$250 Copay/Admit
Outpatient Hospital				
• Surgery	\$100 Copay	\$100 Copay	\$100 Copay	\$100 Copay
• Diagnostics	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
• Therapeutic Treatments	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Emergency Room	\$100 Copay	\$100 Copay	\$100 Copay	\$100 Copay
Urgent Care Center	\$25 Copay	\$25 Copay	\$35 Copay	\$35 Copay
X-Ray	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Lab	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Prescription Drugs	\$10/\$15/\$25 (2x m.o.)	\$10/\$15/\$25 (2x m.o.)	\$10/\$15/\$25 (2 x m.o.)	\$10/\$15/\$25 (2 x m.o.)
Out of Network Benefits				
Deductible	N/A	\$300/\$600	N/A	\$300/\$600
Coinsurance	N/A	80%	N/A	80%
Maximum Out of Pocket	N/A	\$3,000/\$6,000 (+ Ded)	N/A	\$3,000/\$6,000 (+ Ded)
Prescription Drugs	N/A	deductible and coinsurance	N/A	deductible and coinsurance
Lifetime Maximum	N/A	\$2,000,000	N/A	\$2,000,000
Total Monthly Premium Renewal	\$1,393,660.87	\$54,794.65	\$1,369,274.13	\$53,835.86
Percentage Change	16.50%	16.50%	14.46%	14.46%
Combined Monthly Premium	\$1,448,455.52		\$1,423,109.99	

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8/5/2003

Exhibit B

Exhibit C

	MONTHLY HEALTH INSURANCE PREMIUMS					
	January 1, 2004 - December 31, 2004					
Type of Coverage		Total Premium		County Paid		Employee Pays
		Monthly		Monthly		Monthly
OPTION # 1: MANAGED HEALTH CARE (HMO)						
Employee Only		317.30		317.30		0.00
Employee & Spouse		689.83		503.57		186.26
Employee & Child(ren)		661.42		489.36		172.06
Employee & Family		1045.13		681.23		363.90
OPTION #2: DESIGNATED PROVIDER PROGRAM (POSHMO) & OPTION #3: OUT OF AREA						
Employee Only		471.08		394.20		76.88
Employee & Spouse		815.57		566.45		249.12
Employee & Child(ren)		757.13		537.23		219.90
Employee & Family		1240.45		778.89		461.56

Exhibit D

	PAYROLL DEDUCTION COMPARISON				
	Employee Semi-Monthly Cost				
Type of Coverage	Current		16.50%		
OPTION # 1: MANAGED HEALTH CARE (HMO)					
Employee Only	0.00		0.00		
Employee & Spouse	79.94		93.13		
Employee & Child(ren)	73.84		86.03		
Employee & Family	156.19		181.95		
OPTION #2: DESIGNATED PROVIDER PROGRAM (POSHMO) & OPTION #3: OUT OF AREA					
Employee Only	33.00		38.44		
Employee & Spouse	106.92		124.56		
Employee & Child(ren)	94.38		109.95		
Employee & Family	198.10		230.78		